

OCT 16 1930

ANNUAL REPORT
OF THE

BOSTON AND MAINE

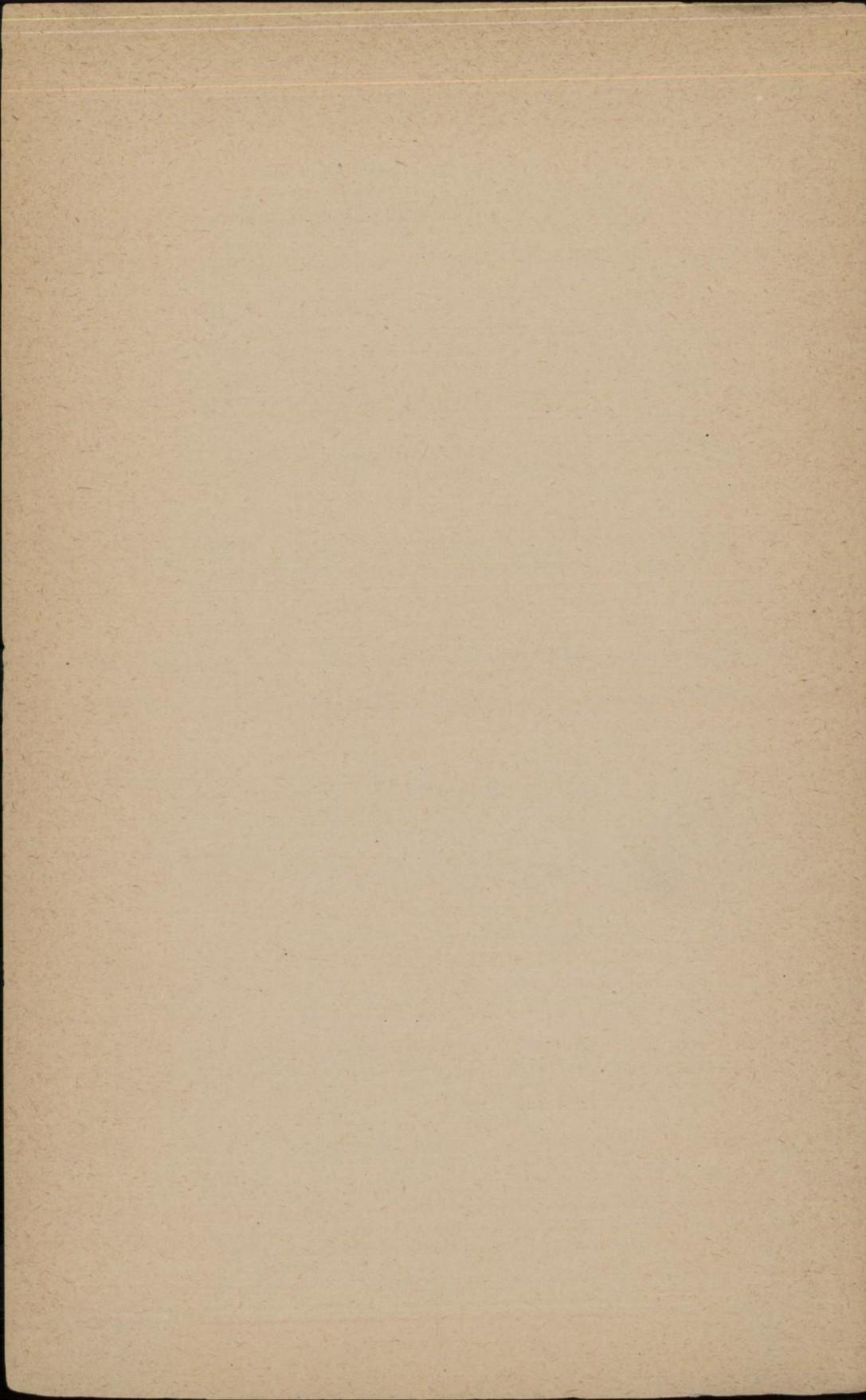
1884-85.

RAILROAD.

WEDNESDAY, DEC. 9, 1885.

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FIFTY-SECOND ANNUAL REPORT

OF THE

DIRECTORS

OF THE

BOSTON AND MAINE RAILROAD

TO THE

STOCKHOLDERS,

FOR THE YEAR ENDING SEPTEMBER 30, 1885.

WEDNESDAY, DEC. 9, 1885.

BOSTON:

RAND AVERY SUPPLY COMPANY.

1885.

BOSTON AND MAINE RAILROAD.

The Annual Meeting of the Stockholders of the Boston and Maine Railroad will be held at LAWRENCE, in the City Hall, on WEDNESDAY, the ninth day of December, 1885, at half-past ten o'clock, A.M., for the following purposes, viz. :—

1. To hear and act upon the Report of the Directors.
2. For the choice of Directors for the ensuing year.
3. For the transaction of any other business which may be legally brought before them.

By order of the Directors,

BOSTON, Nov. 18, 1885.

C. P. JUDD, Clerk.

Stockholders *only* will be passed free *to* and *from* the place of meeting, on exhibiting their certificates to the conductors.

The special Stockholders' train will leave Great Falls at 7.00 A.M., and Boston at 9.00 A.M., for Lawrence; and will leave Lawrence for Boston at 12.00 M., and for Great Falls at 12.30 P.M.

Stockholders from Portland and stations east of Rollinsford will take the train which leaves Portland at 6.15 A.M., and returning to stations between Rollinsford and Portland, will take the trains which leave South Lawrence at 1.48 or 4.28 P.M.

Stockholders are requested to take passage in the trains provided for them, and thus avoid annoying passengers by crowding the regular trains.

Stockholders going from either direction *beyond* Lawrence, before the adjournment of the meeting, will be charged regular fares between Lawrence and the stations to which they take passage.

By order of the Directors,

JAMES T. FURBER,

Gen'l Manager.

OFFICERS
OF THE
BOSTON AND MAINE RAILROAD.

DIRECTORS ELECTED DEC. 10, 1884.

GEORGE C. LORD	NEWTON, MASS.
NATHANIEL G. WHITE	LAWRENCE, MASS.
AMOS PAUL	SO. NEWMARKET, N.H.
NATHANIEL J. BRADLEE	BOSTON, MASS.
WILLIAM S. STEVENS	DOVER, N.H.
JAMES R. NICHOLS	HAVERHILL, MASS.
JOSEPH S. RICKER	DEERING, ME.
SAMUEL C. LAWRENCE	MEDFORD, MASS.
RICHARD OLNEY	BOSTON, MASS.
FRANK JONES	PORTSMOUTH, N.H.

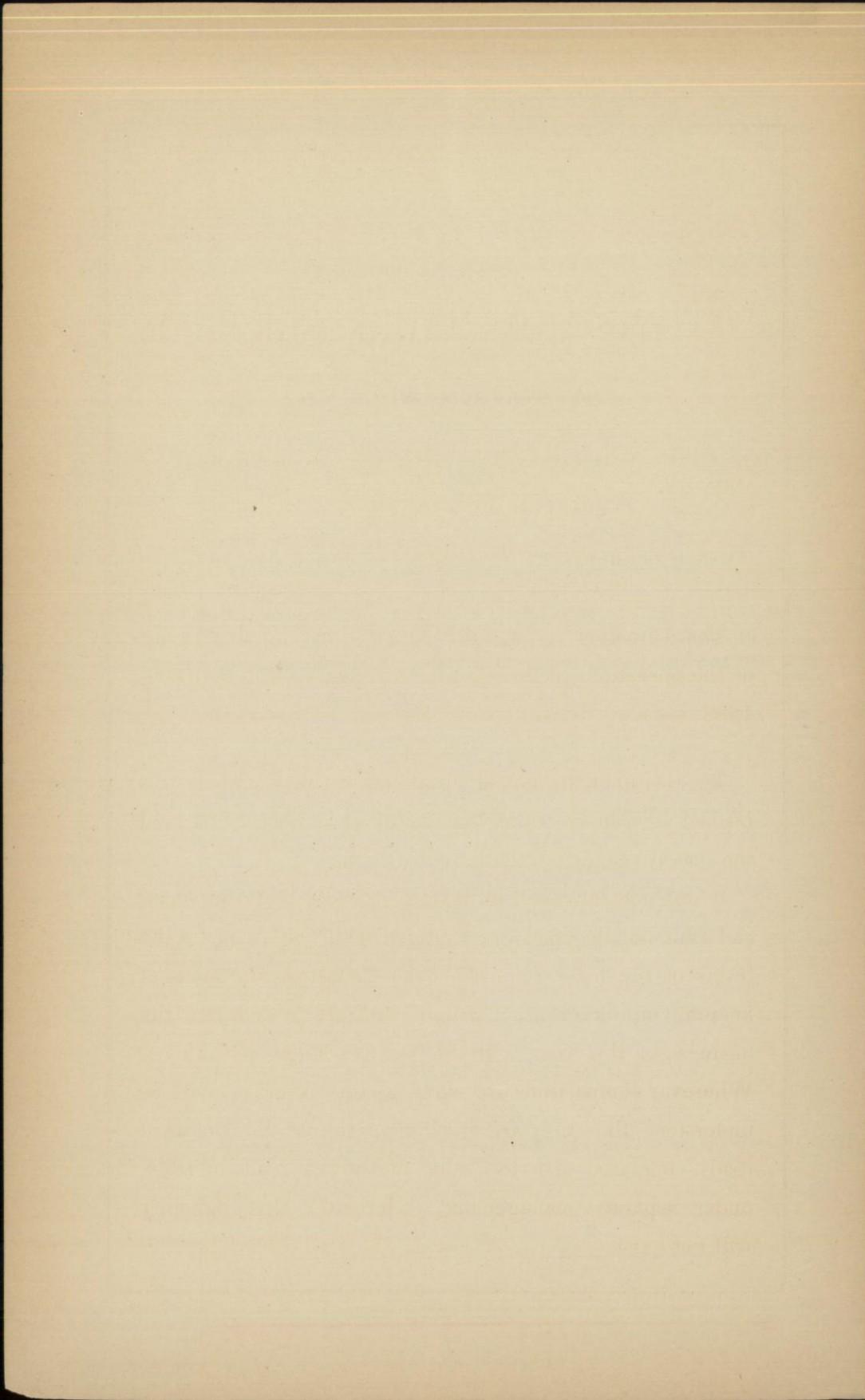
CHAUNCEY P. JUDD, CLERK.

GEORGE C. LORD, PRESIDENT	BOSTON.
JAMES T. FURBER, GENERAL MANAGER	BOSTON.
AMOS BLANCHARD, TREASURER	BOSTON.
WILLIAM J. HOBBS, AUDITOR	BOSTON.
D. J. FLANDERS, GEN. PASS. AND TICKET AGENT,	BOSTON.
W. J. C. KENNEY, GENERAL FREIGHT AGENT	BOSTON.
WILLIAM F. BERRY, ASST. GEN. FREIGHT AGENT	BOSTON.
WILLIAM MERRITT, JR., SUPT. WESTERN DIVISION,	BOSTON.
DANIEL W. SANBORN, SUPT. EASTERN DIVISION	BOSTON.
JOHN W. SANBORN, SUPT. NORTHERN DIVISION	WOLFBORO' JC.
GEORGE J. FISHER, PURCHASING AGENT	BOSTON.
WILLIAM SMITH, SUPT. MOTIVE POWER	BOSTON.
JOHN BAILEY, MAST. MAINT. OF WAY, WESTERN DIV.,	LAWRENCE.
H. BISSELL, MAST. MAINT. OF WAY, EAST. AND NOR. DIV'S,	SALEM.
D. C. RICHARDSON, MASTER CAR BUILDER	LAWRENCE.
CHARLES H. NOWELL, PAYMASTER	BOSTON.

GENERAL OFFICES AT PASSENGER-STATION,

HAYMARKET SQUARE, BOSTON.

SEP 25 1930 PM



FIFTY-SECOND ANNUAL REPORT.

To the Stockholders of the Boston and Maine Railroad :

The Directors respectfully submit the following report of the operations of the road for the year ending Sept. 30, 1885 : —

The lease of the Eastern Railroad to this Company was ratified by your votes on the 2d of December, 1884, and the leased property duly delivered to us.

It was not, however, until Jan. 1, 1885, that the financial affairs of the road were merged with ours ; and, as the terms of the lease required some change in the mode of keeping our accounts, it will be difficult to compare the business of this year with the last, in many particulars. Wherever comparisons are made in this report, it will be understood that they are the operations of the combined roads, compared with the same of the two roads in 1884, under separate management. Hereafter that difficulty will not exist.

The gross receipts of the combined roads for the year ending Sept. 30, 1885, were	\$6,511,559 82
Operating expenses, including taxes, \$204,637 83	4,185,098 38
Net earnings	\$2,326,461 44
Interest on funded and unfunded debt, \$266,423 75	
Rent of leased lines	1,225,526 58
	1,491,950 33
Surplus of net earnings over fixed charges	\$834,511 11
Of this sum there will be paid to the Eastern Railroad Company, agreeable to the terms of the lease	\$134,511 11
And there remains to this Company	700,000 00
Which has been appropriated as follows:	
Dividend paid May 15th	\$280,000 00
“ declared, payable Nov. 16th 280,000 00	
Balance to the credit of Profit and Loss 140,000 00	
	\$700,000 00

The business of the year, as compared with that of the previous year, is as follows:—

Receipts from passengers in 1885 were	\$3,544,301 88
Being a decrease of	6,374 52
In local passengers there was a gain of	14,905 54
In foreign passengers there was a loss of	21,280 06
Receipts from freight in 1885 were	2,435,401 16
Being a decrease of	53,602 32
In local freight there was a loss of	30,785 07
In foreign freight there was a loss of	22,817 25
In receipts from mails there was a gain of	994 01
In receipts from expresses there was a gain of	2,659 09
In rents, income from property, etc., there was a gain of	356 82
Decrease in receipts from all sources	61,837 72

The number of passengers carried the past year was	15,587,375
Being an increase over the previous year of	627,213
Number carried one mile	204,321,021
Being an increase over the previous year of	6,236,300
The number of tons of merchandise carried the past year was	2,132,954
Being a decrease of	142,080
Number of tons carried one mile	114,506,044
Being a decrease of	8,091,154
The number of miles run the past year was	4,924,014
Being an increase over the past year of	14,957

The loss of gross revenue is owing to the general depression in business during the past year in the manufacturing towns along our line, and to the low rate at which freight coming from foreign roads has been carried.

The operating expenses—excluding taxes, interest on Improvement Bonds, and Sinking Fund—for 1885 were	\$3,956,368 88
Being a decrease of	41,602 57
The taxes for 1885 were	204,637 83
Being an increase of	5,618 82

General Expenses of Office and Property	\$158,248 24
General Expenses of Transportation	326,316 58
Passenger Transportation Expenses	511,746 42
Freight Transportation Expenses	561,098 64
Motive Power Expenses	1,224,498 13
Maintenance of Cars	360,955 01
Maintenance of Way and Buildings	813,505 86
TOTAL OPERATING EXPENSES	\$3,956,368 88
Taxes	204,637 83
Interest on Improvement Bonds	14,866 67
Sinking Fund for Redemption of Improvement Bonds	9,225 00
TOTAL OPERATING EXPENSES, TAXES, ETC.	\$4,185,098 38

Nineteen locomotives have been purchased or built in our shops during the year. These all take the place of old engines condemned as unfit for service, and are charged in operating expenses. Five of these take the place of others on the Western Division, and fourteen on the Eastern Division.

Six locomotives — Nos. 38, 48 and 54 on the Western Division, and Nos. 110, 135 and 139 on the Eastern Division,— have been thoroughly rebuilt, and are now good for many years' service. Seventy-two engines have been in the shops for general repairs, and one hundred and eleven others have been in for more or less repairs. We now have 207 locomotives, 92 of which are our own, and 115 belong to our leased roads.

One parlor car, four passenger cars, four combination cars, three baggage cars, forty-three box cars, thirty-four flat cars, and nine gravel cars, have been built in our shops. One passenger car and fifty coal cars have been purchased. The coal cars and two baggage cars are additional equipment, and are charged in improvement account; the others take the place of old ones, and have been charged to expense.

Seven hundred and twenty-two United States car-couplers have been attached to our freight cars, agreeable to the law passed at the last session of the Legislature.

The usual large amount of repairs have been made to fully keep up the general good condition of our passenger and freight equipment.

New engine houses have been built at Somerville (one on the Eastern and one on the Western Division), at

Gloucester, and at North Berwick, and coal sheds at Lawrence, Somerville and Portsmouth.

New stations have been erected at Greenwood and Lowell (Cemetery), and a transfer station at Danvers. The station at Wilmington has been rebuilt. At Medford, our station accommodations have for a long time been very unsatisfactory. We were much cramped for room, and as our patrons in that locality could not agree upon a change, we have purchased additional land on both sides of our location, and the station is now being almost entirely rebuilt.

The station at Rochester has been moved and thoroughly remodeled, making a commodious union station for our Great Falls and Conway, and Dover and Winnipiseogee branches, and also for the Portland and Rochester, and the Worcester, Nashua and Rochester Railroads.

Extensive alterations have been made in the offices of the Boston station, to accommodate the increased business.

A paint shop and boiler house have been erected near the machine shop at Boston.

A new building for the keeping of our supplies has been erected at Lawrence. Additions have been made to our freight houses at Amesbury and Wells, and a new one built at Biddeford. An addition has been made to the car house at Kennebunk, and passenger sheds have been erected at Swampscott, and at Cushing's, on the Dover Branch.

Extensive freight tracks have been built for the accommodation of the business of the Arlington, Everett and Russell Mills at Lawrence ; and side tracks have been laid at Somerville, Malden, Wilmington, Lowell, Lawrence, Haverhill, Exeter, Dover, Newburyport, Danvers, Georgetown,

North Berwick, Biddeford, Saco, Old Orchard, Scarboro', Portland, East Boston, Chelsea, Revere, Lynn, West Everett, Marblehead, North Beverly, Danvers, Gloucester, Amesbury and Wolfeboro', aggregating six miles on the Eastern Division and four and one-half miles on the Western Division.

A new turn-table has replaced the old one at Kennebunk, and one has been built at North Berwick.

Interlocking signals have been placed at the crossing of this road by the Salem and Lowell Railroad at Wilmington, which will avoid the stopping of trains at that crossing.

Iron bridges, replacing wooden ones, have been erected on the Eastern Division at Boyd's Road, Jenkins' Brook, North Berwick, and at Kennebunk River; on the Northern Division, at Great Works, Danhole and Beach River; and on the Western Division at Biddeford, over the Alfred road. An overhead bridge has been erected at Tappan Cut in Saco. Overhead bridges have also been rebuilt on the Eastern Division, at Breed's Island, East Boston; Fayette and Chestnut Streets, Lynn; Bridge Street, Salem; Asylum, Danvers, and Brook Street, North Berwick. Extensive repairs have been made on Fore-river bridge, Portland, and Framingham bridge, Lowell; and on the Eastern Division, on the Boston, Beverly, Newburyport, Portsmouth, Dover Point, and Milton bridges.

On the Dover Branch, four substantial stone culverts have been built, and the old pile bridges which had become much decayed, replaced with filling. At Oak Island, Freeman's Point and Wolfeboro' old pile bridges have been filled.

We have laid during the year 4,724 tons new 67 and 72 lb. steel rails; 1,896 tons of partly-worn steel rails removed from the main line, have been laid on the branches and in the yards, and 1,130 tons old iron rails have been laid in side tracks. There have been laid the past year 272,164 ties.

In connection with the New York and New England Railroad, we have had built a harbor float, for the purpose of transferring cars from their docks, at South Boston, to our docks at East Boston. The float will carry ten cars, and may be used to convey cars to any of the warehouses on the water-front, or to other railroads. Ferry-slips are built at the landings, so that transfers may be made at any time of tide.

The completion of the Cantilever Bridge, at St. John, gives us an uninterrupted connection with all the railroads in New Brunswick and Nova Scotia, from which we cannot fail to derive a large increase in business.

Leases of the Worcester, Nashua and Rochester, and the Portland and Rochester Railroads, have been agreed upon by your directors and those of the leased roads, subject to the ratification of the stockholders of the respective corporations. A special meeting for that purpose has been called at Lawrence, Dec. 9th, 1885.

The Worcester, Nashua and Rochester is a line from Worcester to Rochester, N.H., 94 1-2 miles long, passing through Nashua and many important manufacturing towns. The Portland and Rochester is 52 1-2 miles long, extending from Rochester to Portland; the combined roads paralleling our road for nearly its entire length.

For the information of stockholders, we append to this report a copy of the Lease of the Eastern Railroad to this Company, which was executed Dec. 2d, 1884.

For detailed information as to the financial operations of your road the past year, we refer you to the report of the Auditor, annexed.

By order of the Board of Directors.

GEORGE C. LORD, *President.*

REPORT OF THE AUDITOR.

BOSTON AND MAINE RAILROAD,
ACCOUNTING DEPARTMENT,
BOSTON, NOV. 10, 1885.

To the President and Directors of the Boston and Maine Railroad.

GENTLEMEN,—I herewith hand you statements showing in detail the results of the operation of the Boston and Maine Railroad for the fiscal year ending Sept. 30, 1885. The cash on hand as stated on balance-sheet was verified by me, and found to be correct.

No. 1. Statement of Earnings, Expenses, and Disposition of Net Earnings for the year.

No. 2. General Balance Sheet.

No. 3. Profit and Loss Account.

No. 4. Gross Earnings, Operating Expenses, and Net Earnings, by months.

No. 5. Gross Earnings in detail.

No. 6. Operating Expenses in detail.

No. 7. Mileage and Traffic Statistics.

No. 8. Description of Road.

No. 9. Description of Rolling Stock.

No. 10. Steel Rails in Track.

All of which are respectfully submitted.

WILLIAM J. HOBBS,
Auditor.

No. I.

EARNINGS, EXPENSES, AND DISPOSITION OF NET EARNINGS,
FOR THE YEAR ENDING SEPT. 30, 1885.

EARNINGS.	Per Cent.	Earnings.
Passengers.....	54.431	\$3,544,301 88
Extra Baggage and Storage.....	.248	16,160 23
Expresses.....	2.255	146,816 50
Mails	1.373	89,416 12
Total Passenger Department.....	58.377	3,796,694 73
Freight.....	37.401	2,435,401 16
Total Transportation Earnings.....	95.708	6,232,095 89
Rents of Tenements, Land, etc.....	1.087	70,700 53
Income from Investments.....	2.304	150,001 18
Income from Use of Road.....	.342	22,253 48
Income from Coal Hoisting Engines.....	.194	12,726 82
Miscellaneous Income.....	.365	23,781 92
Gross Earnings	100.	\$6,511,559 82

OPERATING EXPENSES.

GENERAL EXPENSES OF OFFICE AND PROPERTY.	
Salaries, Office and General Expenses.....	\$90,716 72
Legal Expenses.....	27,401 84
Insurance and Fire Losses	23,436 21
Tenement Expenses.....	12,033 83
East Boston Wharf Expenses	4,659 64
	\$158,248 24

GENERAL EXPENSES OF TRANSPORTATION.	
Injuries and Damages.....	\$40,027 69
Telegraph Expenses	44,384 69
Crossing Expenses.....	105,032 05
Drawbridge and Signal Expenses.....	46,401 98
Switchmen and Watchmen.....	73,527 94
Removing Ice and Snow.....	16,942 23
	326,316 58

PASSENGER TRANSPORTATION EXPENSES.	
Superintendence and General Expense	\$43,046 09
Advertising.....	36,557 36
Passenger-Train Expenses	213,373 50
Passenger-Station Expenses.....	212,222 30
Mileage of Passenger Cars	6,547 17
	511,746 42

FREIGHT TRANSPORTATION EXPENSES.	
Superintendence and General Expense	\$33,041 76
Freight-Train Expenses.....	186,321 00
Freight-Station Expenses.....	276,911 06
Mileage of Freight Cars	64,824 82
	561,098 64

MOTIVE POWER EXPENSES.	
Superintendence and General Expense	\$45,784 70
Repairs of Tools and Machinery.....	20,052 67
Repairs of Locomotives.....	199,435 02
New Locomotives.....	128,689 71
Water Supply.....	36,741 23
Locomotive Expense.....	344,305 31
Fuel For Locomotives.....	449,489 49
	1,224,498 13

EARNINGS, EXPENSES, ETC.—*Concluded.**MAINTENANCE OF CARS.*

Superintendence and General Expense	\$9,559 42
Repairs of Tools and Machinery.....	6,918 97
Repairs of Passenger, Baggage, Mail and Express Cars.....	
Cars.....	134,281 34
New Passenger, Baggage, Mail and Express Cars.....	33,915 23
Repairs of Pullman Cars.....	1,969 46
Repairs of Freight Cars.....	111,404 61
New Freight Cars.....	16,827 99
Repairs of Construction and Tool Cars.....	3,094 96
Repairs of Snow-Ploughs.....	1,179 95
Oiling, Cleaning and Inspecting Cars.....	41,803 08
	\$360,955 01

MAINTENANCE OF WAY AND BUILDINGS.

Superintendence and General Expense	\$14,989 20
Maintenance of Road-Bed and Track.....	358,711 28
Steel Rails laid.....	80,617 93
Iron Rails laid.....	2,456 86
Ties laid.....	83,119 14
Maintenance of Bridges.....	158,310 08
Maintenance of Buildings and Structures	115,301 37
	813,505 86
Total Operating Expenses, (60.76 per cent).....	\$3,956,368 88
Taxes.....	\$204,637 83
*Interest on Improvement Bonds.....	14,866 67
*Sinking Fund for Redemption of Improvement Bonds	9,225 00
	228,729 50
Total Operating Expenses, Taxes, etc. (64.27 per cent).....	\$4,185,098 38
Net Earnings (35.73 per cent).....	\$2,326,461 44

INTEREST.

Interest on Funded Debt.....	\$245,000 00
Interest on other Debt, less Interest Received.....	21,423 75
	\$266,423 75

RENT OF OTHER ROADS.

Eastern Railroad.....	\$880,111 78
Portland, Saco and Portsmouth R.R....	90,258 30
Portsmouth, Great Falls and Conway R.R.....	45,162 50
Portsmouth and Dover R.R.....	46,140 00
Lowell and Andover R.R.....	52,500 00
Dover and Winnipiseogee R.R.....	29,000 00
Eastern R.R. in New Hampshire.....	22,500 00
Newburyport City R.R.....	6,000 00
West Amesbury Branch R.R.....	5,700 00
Wolfeborough R.R.....	2,229 00
Kennebunk and Kennebunkport R.R.....	2,925 00
Boston and Albany R.R.....	3,000 00
Boston and Albany R.R. accrued prior to Oct. 1, 1884, settled this year.....	40,000 00
	\$1,225,526 58

Total Fixed Charges	1,491,950 33
Surplus of Net Earnings over Fixed Charges	\$834,511 11
Less amount due Eastern Railroad Company, being their proportion of above surplus	134,511 11
Surplus available for dividends	\$700,000 00
Less dividend of 4 per cent paid May 15, 1885.....	\$280,000 00
Less dividend of 4 per cent to be paid Nov. 16, 1885.....	280,000 00
Surplus for the year in excess of dividends.....	560,000 00
	\$140,000 00

* Charged in Expenses, in accordance with terms of lease of Eastern Railroad.

No. 2.

GENERAL BALANCE SHEET, SEPT. 30, 1885.
RESOURCES.

<i>CONSTRUCTION.</i>	
Grading and Masonry.....	\$2,713,882 12
Bridges	952,344 95
Superstructure and Rails.....	1,924,807 33
Passenger and Freight Stations, etc.....	771,405 33
Engine-Houses, Car-Sheds, and Turn-Tables.....	164,713 98
Shops, Machinery and Tools	133,283 50
Land, Land Damage, and Fences.....	2,512,997 59
Engineering and General Expenses.....	365,474 39
Interest and Discount.....	82,028 44
Total Construction.....	\$9,620,937 63
<i>EQUIPMENT.</i>	
Locomotives.....	\$401,000 00
Snow-Ploughs on Wheels.....	7,000 00
Passenger, Baggage, Mail and Express Cars.....	400,475 00
Freight and other Cars.....	499,705 00
Total Equipment.....	1,308,180 00
Total Construction and Equipment.....	\$10,929,117 63
<i>INVESTMENTS.</i>	
Real Estate	\$14,132 21
Dover and Winnipiseogee R.R. Stock.....	263,144 48
Danvers R.R. Bonds and Account	152,430 00
Newburyport R.R. Stock and Bonds.....	302,493 95
Portland and Rochester R.R. Stock.....	239,540 56
Orchard Beach R.R. Stock.....	48,992 89
Steamer Mt. Washington and Wharves.....	69,260 24
Total Investments	1,089,994 33
<i>CASH ASSETS.</i>	
Cash	\$596,760 65
Bills Receivable	4,576 25
Cash in hands of Trustees of Sinking Fund.....	24,750 50
Materials and Supplies on hand	678,848 27
Due from Agents and Conductors.....	173,413 41
Due from Railroads and Others	108,548 66
Total Cash Assets.....	1,586,897 74
<i>SUNDRY ITEMS.</i>	
Improvement Account	\$569,093 18
Improvement Account, Eastern R.R.....	358,351 58
Lowell and Andover R.R. Betterments.....	117,358 92
Dover and Winnipiseogee R.R. Improvement Account	28,606 99
East Boston Wharf Improvements.....	14,284 86
Insurance Premiums Paid.....	2,550 00
	1,090,245 53
	\$14,696,255 23

No. 2.

GENERAL BALANCE SHEET.—*Concluded.*

LIABILITIES.

Capital Stock (received from sale of 70,000 shares)		\$6,921,274 52
Bonds due January 1, 1893, 7 per cent.....	\$1,500,000 00	
Bonds due January 1, 1894, 7 per cent.....	2,000,000 00	
Improvement Bonds, 4 per cent	615,000 00	
Total Funded Debt		4,115,000 00
Notes Payable	\$639,700 00	
Notes Payable, Eastern R.R. Note Assumed.....	14,284 86	
*Current Bills, including September Pay-Rolls.....	455,350 08	
Rents of Leased Roads Accrued, Unpaid.....	301,418 81	
Interest Accrued, not yet due.....	74,199 49	
Bond Interest uncalled for.....	8,452 50	
Dividends uncalled for.....	16,767 50	
*Current Traffic Balances due Railroads and Others.....	122,623 08	
Eastern R.R. Lease Account.....	170,249 84	
Sinking Fund for Redemption of Improvement Bonds	24,750 50	1,827,796 66
Profit and Loss		1,832,184 05
		\$14,696,255 23

* NOTE.—The books show, at the end of each month, the total liability for that month, for materials purchased, wages due employés, and balances due connecting roads, all of which are settled before the close of the following month.

No. 3.
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING SEPT. 30, 1885.

DR.	CR.
To Operating Expenses for the year.....	\$4,185,008 38
" Interest accrued for the year.....	266,423 75
" Rent of Leased Roads for the year.....	1,225,526 58
" Eastern Railroad proportion of surplus for the year, paid as additional rent.....	134,511 11
" Interest accrued prior to Oct. 1, 1884, interest having formerly been charged only as it became due.....	71,317 83
" Old account transferred.....	18,963 24
" Dividend paid Nov. 15, 1884.....	280,000 00
" Dividend paid May 15, 1885.....	1,832,184 05
" Balance.....	<u>\$8,294,024 94</u>
	By Balance Sept. 30, 1884.....
	" Gross Earnings for the year.....
	" Excess in Surplus of last year over amount reported, found upon revising the accounts, in accordance with the terms of the lease of Eastern Railroad Company.....
	" Old accounts transferred and collected.....
	<u>\$1,612,917 07</u>
	<u>6,511,559 82</u>
	<u>135,912 40</u>
	<u>33,635 65</u>
	<u>\$8,294,024 94</u>
	Balance to next year's account.....
	<u>\$1,832,184 05</u>

No. 4.

**GROSS EARNINGS, OPERATING EXPENSES, AND NET EARNINGS,
BY MONTHS, FOR THE YEAR ENDING SEPT. 30, 1885.**

MONTHS.	Gross Earnings.	Operating Expenses.	Net Earnings.
October, 1884...	\$595,137 90	\$384,133 91	\$211,003 99
November.....	491,501 85	374,668 28	116,833 57
December.....	462,145 94	366,404 61	95,741 33
January, 1885...	445,218 49	317,508 87	127,709 62
February.....	450,447 30	296,354 72	154,092 58
March.....	466,983 26	298,775 42	168,207 84
April.....	521,570 05	296,014 20	225,555 85
May.....	512,016 76	341,826 27	170,190 49
June.....	557,164 59	345,951 39	211,213 20
July.....	642,450 08	367,286 62	275,163 46
August.....	720,813 02	459,572 06	261,240 96
September.....	646,110 58	336,602 03	309,508 55
Total.....	\$6,511,559 82	\$4,185,098 38	\$2,326,461 44

No. 5.
GROSS EARNINGS FROM ALL SOURCES FOR THE YEAR ENDING SEPT. 30, 1885.

MONTHS.	Passengers.	Extra Baggage.	Express.	Mails.	Total Passenger Department.	Freight.	Total Transpor- tation Earnings.	Income from Property and Rents.	Income from Use of Road.	Miscella- neous Income.	Total Earnings from all Sources.
1884.											
October.....	\$319,045.46	\$830.81	\$13,050.21	\$7,178.11	\$234,941.43	\$574,346.02	\$15,942.05	\$986.70	\$3,863.13	\$595,137.90	
November.....	263,324.38	432.40	12,664.54	7,404.12	198,855.43	482,680.87	5,805.05	848.70	2,167.23	491,501.85	
December.....	246,597.04	614.75	12,092.97	7,364.37	266,669.13	186,955.85	453,624.98	6,371.50	1,274.74	874.72	462,145.94
1885.											
January.....	222,644.58	1,426.62	10,139.22	7,479.95	251,690.37	171,040.04	422,730.41	17,630.59	825.40	4,032.09	445,218.49
February.....	206,537.70	1,144.46	10,340.34	7,529.95	225,552.45	162,129.89	387,682.34	60,414.32	595.85	1,754.79	450,447.30
March.....	237,906.12	1,454.95	10,781.12	7,479.95	257,622.14	195,512.82	453,134.96	6,090.42	6,043.97	1,713.91	466,983.26
April.....	276,915.80	1,549.59	11,112.96	7,479.95	297,058.30	204,254.46	501,312.76	14,365.88	1,634.72	4,256.69	521,510.65
May.....	271,686.80	1,454.28	11,561.33	7,529.94	292,222.35	208,863.60	501,115.95	16,176.95	1,842.00	2,881.86	512,016.76
June.....	301,960.99	1,406.69	13,628.08	7,529.95	324,525.71	222,239.61	546,785.32	6,013.15	2,080.41	2,285.71	557,164.59
July.....	386,526.21	1,379.53	13,707.73	7,479.95	409,093.42	211,607.88	620,701.30	15,516.99	1,988.59	4,243.20	642,450.08
August.....	424,002.28	1,901.40	14,063.61	7,479.94	447,467.93	206,865.87	654,363.10	60,188.91	2,060.11	4,200.90	720,813.02
September.....	377,154.52	2,564.75	13,664.39	7,479.94	409,863.60	232,754.28	633,617.88	6,185.90	2,072.29	4,234.51	646,110.58
Total.....	3,544,301.88	16,160.23	146,816.50	\$89,416.12	3,196,694.73	2,435,401.16	6,232,095.89	220,701.71	22,253,4836,50874	6,511,559.82	

No. 6.

OPERATING EXPENSES IN DETAIL FOR THE YEAR ENDING
SEPT. 30, 1885.

GENERAL EXPENSES OF OFFICE AND PROPERTY.

Salaries of General Officers and Clerks.....	\$50,530 67	
General Office Expenses.....	4,737 84	
Expenses of Directors and Pay Cars.....	2,509 05	
Stationery, Printing, and Advertising for Office...	4,669 87	
Contingent Expenses.....	28,269 29	
		\$90,716 72
Legal Expenses.....		27,401 84
Insurance Premiums.....	\$19,511 43	
Protection against Fire.....	1,683 40	
Fires set by Locomotives.....	2,241 38	
		23,436 21
Tenement Expenses.....		12,033 83
East Boston Wharf Expenses.....		4,659 64
Total General Expenses of Office and Property..		\$158,248 24

GENERAL EXPENSES OF TRANSPORTATION.

Injuries and Damages to Employés.....	\$6,882 54	
Injuries and Damages to Live Stock.....	303 24	
Injuries and Damages to Passengers.....	18,721 73	
Injuries and Damages to Property, Trespassers and Others.....	14,120 18	
		\$40,027 69
Telegraph Expenses, Salaries and Wages.....	\$37,844 94	
Telegraph Expenses, Supplies, etc.....	1,509 93	
Telegraph Expenses, Stationery and Printing....	720 39	
Repairs of Telegraph-Line.....	1,365 88	
Telephone Expenses.....	2,943 55	
		44,384 69
Wages of Crossing-Tenders	\$102,001 83	
Fuel and Supplies for Crossings.....	3,030 22	
		105,032 05
Wages of Draw-Tenders.....	\$22,719 56	
Fuel and Supplies for Drawbridges.....	802 13	
		23,521 69
Wages of Signal-Men.....	\$17,750 54	
Fuel and Supplies for Signal-Men.....	1,119 89	
		18,870 43
Automatic and Electric Signals.....		4,009 86
Wages of Switchmen.....	\$44,065 72	
Fuel and Supplies for Switchmen.....	1,126 49	
		45,192 21
Wages of Watchmen.....	\$28,101 95	
Supplies for Watchmen.....	233 78	
		28,335 73
Removing Ice and Snow.....		16,942 28
Total General Expenses of Transportation.....		\$326,316 58

PASSENGER TRANSPORTATION EXPENSES.

General Superintendence and Clerks.....	\$21,823 32	
General Office Expenses.....	1,826 75	
Stationery and Printing.....	3,338 15	
Tickets and Baggage-Checks.....	13,718 27	
Contingent Expenses.....	1,454 42	
Loss and Damage of Baggage.....	885 18	
		\$43,046 09
Regular Advertising.....	\$18,636 04	
Special Advertising.....	12,452 75	
Outside Agencies.....	5,468 57	
		36,557 36
Supervision and General Expense, Passenger Trains.....	\$3,284 96	
Wages of Conductors and Trainmen.....	158,533 27	
Wages of Shifters and Yardmen	12,741 17	
Heating and Lighting Passenger Trains.....	23,541 88	
Lubricating Oil, Waste, and Tallow for Passenger Trains	6,026 40	
Stationery and Printing for Passenger Trains.....	3,168 39	
Miscellaneous Supplies and Expenses, Passenger Trains	5,780 11	
Wrecking Expenses.....	297 32	
		213,373 50
Agents and Station Labor.....	\$158,250 74	
Water, Heating, and Lighting, Passenger Stations	39,198 47	
Stationery and Printing for Passenger Stations...	3,871 90	
Furniture and Miscellaneous Supplies, Passenger Stations.....	5,002 15	
Miscellaneous Expenses of Passenger Stations	5,899 04	
		212,222 30
Mileage of Pullman Cars.....	6,547 17	
Total Passenger Transportation Expenses....		\$511,746 42

FREIGHT TRANSPORTATION EXPENSES.

General Superintendence and Clerks.....	\$22,751 99	
General Office Expenses.....	1,027 69	
Stationery and Printing.....	2,62 40	
Advertising Freight Business.....	154 50	
Line Expenses.....	259 32	
Loss and Damage of Freight.....	6,708 41	
Contingent Expenses	82 45	
		\$33,041 76
Supervision and General Expense, Freight Trains	\$9,134 20	
Wages of Conductors and Trainmen.....	104,640 83	
Wages of Shifters and Yardmen.....	61,005 93	
Heating and Lighting Freight Trains.....	2,151 07	
Lubricating Oil, Waste and Tallow for Freight Trains	3,560 24	
Stationery and Printing for Freight Trains.....	1,789 57	
Miscellaneous Supplies and Expenses, Freight Trains	2,793 32	
Wrecking Expenses.....	1,245 84	
		186,321 00
Agents and Station Labor.....	\$243,892 22	
Water, Heating, and Lighting, Freight Stations...	6,335 33	
Stationery and Printing for “ “	8,229 48	
Miscellaneous Supplies for “ “	2,808 54	
Miscellaneous Expenses of “ “	15,645 49	
		276,911 06
Mileage of Freight Cars.....	64,824 82	
Total Freight Transportation Expenses.....		\$561,098 64

MOTIVE POWER EXPENSES.

Superintendence and Clerks.....	\$12,465 61
Office and Miscellaneous Supplies and Expenses ..	35 60
Stationery and Printing.....	443 42
Engine-House Labor and Expenses.....	11,350 61
Watching Expenses.....	21,489 46
	<hr/>
Repairs of Tools and Machinery	\$45,784 70
Repairs of Locomotives.....	20,052 67
New Locomotives.....	199,435 02
Water Supply.....	128,689 71
Wages of Passenger Enginemen and Firemen.....	36,741 23
Wages of Passenger Switching Enginemen and Firemen	\$165,846 41
Wages of Freight Enginemen and Firemen.....	9,175 18
Wages of Freight Switching Enginemen and Firemen	83,516 87
	<hr/>
Cleaning Passenger Engines.....	37,315 12
Cleaning Freight Engines.....	295,853 58
	<hr/>
Head-Light and Illuminating Oil.....	\$16,360 95
Lubricating Oil, Waste, and Tallow.....	10,600 40
Lanterns, Tools, and Small Stores.....	<hr/>
Fuel for Passenger Locomotives.....	\$1,739 04
Fuel for Passenger Switching Locomotives.....	17,890 05
Fuel for Freight Locomotives.....	1,861 29
Fuel for Freight Switching Locomotives	21,490 38
	<hr/>
Fuel for Freight Locomotives.....	\$257,302 06
Fuel for Freight Switching Locomotives	12,822 59
	<hr/>
Total Motive Power Expenses.....	\$127,220 10
	<hr/>
	52,144 74
	<hr/>
	449,489 49
	<hr/>
	\$1,224,498 13

MAINTENANCE OF CARS.

Superintendence and Clerks.....	\$5,089 31
Office and Miscellaneous Supplies and Expenses ..	331 36
Stationery and Printing.....	526 02
Watching Expenses.....	3,612 73
	<hr/>
Repairs of Tools and Machinery.....	\$9,559 42
Painting and Varnishing Passenger Cars.....	6,918 97
General Repairs of " "	\$37,395 82
	<hr/>
General Repairs of " "	96,885 52
	<hr/>
New Passenger, Baggage, Mail, and Express Cars.	134,281 34
Painting and Varnishing Pullman Cars	33,915 23
General Repairs of " "	1,583 84
	<hr/>
General Repairs of Local Freight Cars.....	1,969 46
General Repairs of Foreign Freight Cars.....	\$102,523 77
	<hr/>
General Repairs of Local Freight Cars.....	8,880 84
	<hr/>
New Freight Cars.....	111,404 61
Repairs of Boarding and Tool Cars.....	16,827 99
Repairs of Gravel Cars.....	2,221 55
	<hr/>
Repairs of Snow-Ploughs.....	3,094 96
Oiling, Cleaning, and Inspecting Passenger Cars..	1,179 95
Oiling, Cleaning, and Inspecting Freight Cars.....	\$34,825 63
	<hr/>
	6,977 45
	<hr/>
Total Maintenance of Cars.....	41,803 08
	<hr/>
	\$360,955 01

MAINTENANCE OF WAY AND BUILDINGS.

Superintendence and Clerks.....	\$9,946	85
Office and Miscellaneous Supplies and Expenses..	917	95
Stationery and Printing	611	39
Engineering	1,381	69
Watching Expenses.....	2,131	32
		<hr/>
General Repairs of Track, Labor.....	\$208,968	40
General Repairs of Track, Material	3,332	91
Working Trains and Extra Crews.....	78,847	09
Joint Fastenings.....	15,934	07
Frogs and Switches.....	16,312	59
Track Spikes.....	5,750	44
Hand-Cars and Tools.....	7,557	13
Road Crossings.....	10,335	28
Signs and Mile Posts.....	890	15
Fencing.....	10,783	22
		<hr/>
Steel Rails laid.....	\$80,617	93
Iron Rails laid.....	2,456	86
		<hr/>
Cross Ties laid.....	\$75,313	27
Switch Ties laid.....	7,805	87
		<hr/>
Bridges and Culverts.....	\$86,220	68
Overhead Bridges.....	15,073	87
New Bridges.....	57,015	53
		<hr/>
Shops and Storehouses.....	\$7,958	44
Tools and Machinery.....	5,946	27
Car-Houses	895	65
Engine-Houses and Turn-Tables.....	11,387	21
Water-Tanks and Pumping Machinery.....	12,639	44
Coal and Wood Sheds and Fixtures.....	5,572	48
Station Buildings and Grounds.....	64,159	55
Mast Signals, Signal and Section Houses.....	3,757	91
Docks and Wharves	2,811	92
Real Estate, land leased.....	137	55
Furniture and Fixtures for Construction Cars.....	34	95
		<hr/>
Total Maintenance of Way and Buildings.....		115,301
		<hr/>
Total Operating Expenses (60.76 per cent.).....		\$813,505
		<hr/>
Taxes.....	\$204,637	83
Interest on Improvement Bonds.....	14,866	67
Sinking Fund for redemption of Improvement Bonds	9,225	00
		<hr/>
Total Operating Expenses, Taxes, etc. (64.27 per cent.).....		\$4,185,098
		<hr/>

No. 7.

MILEAGE AND TRAFFIC STATISTICS.

Miles run by Passenger Trains.....	2,764,801
Miles run by Freight Trains.....	1,279,186
Miles run in Passenger Switching.....	144,788
Miles run in Freight Switching.....	587,104
Miles run by Working Trains.....	148,135
 Total Train Miles.....	4,924,014
Average Gross Earnings per Mile of Road operated.....	\$13,311 45
Average Operating Expenses, Taxes, etc., per Mile of Road operated	8,555 51
Average Net Earnings per Mile of Road operated.....	4,755 94
Average Gross Earnings per Revenue Train Mile.....	1 61
Average Operating Expenses, Taxes, etc., per Revenue Train Mile	1 03
Average Net Earnings per Revenue Train Mile.....	58
Average Gross Earnings per Total Train Mile.....	1 32
Average Operating Expenses, Taxes, etc., per Total Train Mile...	85
Average Net Earnings per Total Train Mile.....	47

PASSENGER TRAFFIC.

Number of season-ticket passengers carried.....	2,635,559
Number of local passengers carried (including season).....	15,050,868
Number of foreign passengers carried.....	536,507
Total number of passengers carried.....	15,587,375
Number of local passengers carried one mile (including season)....	175,702,569
Number of foreign passengers carried one mile.....	28,618,452
Total number of passengers carried one mile.....	204,321,021
Number of passengers to Boston (including season).....	5,245,363
Number of passengers from Boston (including season).....	5,229,474
Number of season-ticket passengers to and from Boston.....	1,714,468
Average distance travelled per passenger.....	13 $\frac{11}{100}$ miles.
Average rate of fare per mile received from season-ticket passengers	0 $\frac{670}{cents}$
Average rate of fare per mile received from local passengers (including season).....	1 $\frac{772}{cents}$
Average rate of fare per mile received from local passengers (not including season).....	2 $\frac{140}{cents}$
Average rate of fare per mile received from foreign passengers.....	1 $\frac{503}{cents}$
Average rate of fare per mile received from all passengers.....	1 $\frac{735}{cents}$

FREIGHT TRAFFIC.

Number of tons of local freight carried.....	1,720,787
Number of tons of foreign freight carried.....	412,167
Total number of tons of freight carried.....	2,132,954
Tons of local freight carried one mile.....	76,648,303
Tons of foreign freight carried one mile.....	37,857,741
Total tons of freight carried one mile.....	114,506,044
Average length of haul per ton of freight.....	53 $\frac{68}{100}$ miles.
Average rate per ton per mile received on local freight.....	2 $\frac{462}{cents}$
Average rate per ton per mile received on foreign freight.....	1 $\frac{448}{cents}$
Average rate per ton per mile received on all freight.....	2 $\frac{127}{cents}$

No. 8.

DESCRIPTION OF ROAD.

Main Line.	Miles Owned.	Miles Leased.	Total Miles Operated.
Boston, Mass. to Portland, Maine.....	115.50		115.50
Boston to New Hampshire State Line—Eastern Railroad.....		41.45	
New Hampshire State Line to Maine State Line—Eastern Railroad in N. H.		16.08	
Maine State Line to Portland—Portland, Saco and Portsmouth Railroad.....		50.76	
Total Miles Boston to Portland—Eastern Division.....			108.29
Conway Junction to North Conway—Portsmouth, Great Falls and Con. Railroad..		72.86	72.86
Total Length of Main Line.....	115.50	181.15	296.65
<i>Branches.</i>			
Medford, single track.....	2		
Methuen, single track, 2.75; double track, 1	*3.75		
Great Falls, single track.....	2.75		
Total Length of Branches owned, 8.50 miles			5.75
Newburyport and Danvers, single track.....		36.24	
Lowell and Andover, double track.....		8.73	
West Amesbury, single track.....		4.50	
Dover and Winnipiseogee, single track.....		29	
Kennebunk and Kennebunkport, single track		4.50	
East Boston, single track, 1.91; double track, 1.56.....		3.47	
Charlestown, double track.....		1.09	
Saugus, single track.....		9.55	
Chelsea Beach, single track.....		1.78	
Swampscott, single track.....		3.96	
Marblehead, single track.....		3.52	
Lawrence, single track, 18.25; double track, 1.64.....		19.89	
South Reading, single track.....		8.12	
Gloucester, single track.....		16.94	
Essex, single track.....		5.48	
Asbury Grove, single track.....		1.06	
Newburyport City, single track.....		2.24	
Salisbury, single track.....		3.79	
Portsmouth and Dover, single track.....		10.88	
Wolfeboro', single track.....		12.03	
Total Length of Branches leased.....			186.77
Total Length of all Branches, 195.27 miles			
Total Miles of Road operated.....	*124	367.92	489.17
Double Track on Main Line.....	70.96	33.86	104.82
Double Track on Branches.....	1	13.02	14.02
Total Length of Double Track.....	71.96	46.88	118.84

* 2.75 miles is operated by the Manchester and Lawrence Railroad.

No. 9.

ROLLING STOCK.

DESCRIPTION.	Owned.	Leased.	Total.
<i>Locomotives.</i>			
Passenger	58	70	128
Freight	18	23	41
Switching.....	16	22	38
Total Number Locomotives.....	92	115	207
<i>Passenger Equipment.</i>			
Passenger Cars.....	163	172	335
Parlor Cars.....	11		11
Directors' Car.....		1	1
Paymaster's Car.....		1	1
Baggage Cars.....	31	37	68
Mail Cars.....		4	4
Express Cars.....	4	4	8
Total Number Passenger, Baggage, Mail, and Express Cars.....	209	219	428
<i>Freight Equipment.</i>			
8-Wheel Box Freight Cars.....	625	998	1,623
8-Wheel Box Freight Cars—Caboose Cars.....	15	35	50
4-Wheel Box Freight Cars.....	86	86	172
8-Wheel Platform Freight Cars.....	600	768	1,368
4-Wheel Platform Freight Cars.....	431		431
4-Wheel Coal Dump Cars.....	328		328
4-Wheel Coal Cars.....		159	159
Total Number Freight Cars.....	2,085	2,046	4,131
Total Number on a basis of 8 wheels.....	1,662½	1,923½	3,586
<i>Gravel, Tool, Etc.</i>			
4-Wheel Gravel Dump Cars.....	83	101	184
8-Wheel Tool Cars—Box Cars.....	2	11	13
8-Wheel Boarding Cars.....		6	6
8-Wheel Tool Cars, Derrick Cars, etc.....	1	8	9
4-Wheel Derrick Cars, Stone Cars, etc.....	4	5	9
Total Number Gravel, Tool, etc., Cars.....	90	131	221
Snow-Plows on Wheels.....	13	22	35
Number Locomotives equipped with West- inghouse or Vacuum Brakes.....	56	77	133
Number of Cars equipped with Westing- house or Vacuum Brakes.....	209	219	428

No. 10.

STEEL RAILS IN TRACK.

	Miles.
Main line and double track between Boston and Portland—Western Division, is all in Steel.....	186.46
Main line and double track between Boston and Portland—Eastern Division, is all in Steel.....	142.15
Medford Branch is all in Steel.....	2
Lowell and Andover Branch is all in Steel.....	17.46
Saugus Branch is all in Steel.....	9.55
Swampscott Branch is all in Steel.....	3.96
Gloucester Branch is all in Steel.....	16.94
Northern Division has of Steel.....	19.06
Newburyport and Danvers Branch has of Steel.....	18.65
Other Branches have of Steel	32.71
Total Steel Track.....	448.94

LEASE
OF THE
EASTERN RAILROAD COMPANY
TO THE
BOSTON AND MAINE RAILROAD.

This Indenture, made in duplicate this Second day of December, A.D. 1884, by and between the Eastern Railroad Company, a corporation existing under and by virtue of the laws of the Commonwealth of Massachusetts, party of the first part, and hereinafter denominated the lessor, and the Boston and Maine Railroad, a corporation existing under and by virtue of the laws of said Commonwealth, and under and by virtue of the laws of the States of Maine and New Hampshire, party of the second part, and hereinafter denominated the lessee,—

Witnesseth, that the said parties, each for itself, its successors and assigns, and each in consideration of the grants, covenants and engagements herein made by the other, have granted, covenant and agreed, and do hereby grant, covenant and agree, each to and with the other and its successors and assigns, as follows; to wit,—

I.

The lessor doth grant, demise and lease unto the lessee, its successors and assigns, its railroad and railroad property of every description,—including therein its railroad, lands and wharves within or without said Commonwealth, branches, tracks, side-tracks, road-beds, superstructure, station-houses, depot grounds, depots, viaducts, bridges, piers, shops, buildings, fixtures, engines, cars, rolling-stock, machinery, tools, furniture, telegraph apparatus, equipment, material and supplies, bills and accounts receivable, money and cash on hand,—and all rights, franchises, easements, privileges and appurtenances thereto belonging, together with the right to demand and receive all tolls, rent, revenue, income and profits of the demised premises; including also therein all the right, title and interest of the lessor in and to any and all railroads operated by it under lease or otherwise, and in and to any stock of other railroads owned by it, all dividends thereon and the right of voting on the same, and in and to any contracts with other railroads, corporations or individuals, and all advantages and benefits to be derived therefrom; hereby assigning and transferring unto the lessee all its railroad, railroad property, franchises and assets of every description, subject, however, to a

mortgage made June 22, A.D. 1876, to William C. Rogers, William B. Bacon and Willard P. Phillips, trustees, and duly recorded, and subject to all other legal obligations and incumbrances.

To have and to hold all and singular the demised premises to the lessee, its successors and assigns, for and during the term of fifty-four years from and after the first day of October, A.D. 1883, yielding and paying rent as provided in the article next following, and keeping and performing the terms, conditions and stipulations hereinafter contained on the part of said lessee to be kept and performed.

II.

The railroads and properties hereby demised and those of the lessee shall be used, managed and operated by the lessee in a proper, ordinary and judicious manner, according to the best discretion and judgment of its managers, so as to secure the largest amount of earnings from each which can be realized therefrom, with due regard to the service to be rendered to the public and to the preservation of said roads and properties in good order and condition for rendering such service efficiently and economically; and

The combined annual gross earnings from all sources whatsoever of the railroads and properties of the lessor and lessee shall be paid over and applied by the lessee in each and every year during the term of this lease, to the amounts, at the times, and in the order of priority following; to wit, —

First. The lessee shall pay the operating expenses of both the lessor and lessee. Such operating expenses shall include, as part thereof, the cost of ordinary repairs and renewals; all expenditures arising out of any contract, obligation, business, negligence or misfeasance, or however otherwise arising, in any way connected with the use and operation of the railroads and properties of the parties hereto, and including damages to persons and property; insurance; all taxes of every description, federal, state or municipal, upon property, business, franchises, or capital stock; interest upon the improvement bonds hereinafter mentioned, and payments to the sinking fund for such bonds; any other expenditures hereinafter declared to be operating expenses; and the organization expenses of the lessor, for which, in addition to sufficient office accommodations to be furnished by the lessee, there shall be paid to the lessor at the end of each successive three months during the term of this lease the sum of twenty-five hundred dollars (\$2500), which gross annual payment shall cover and include the three thousand dollars (\$3000) to be paid to the trustees under its mortgage.

Second. The lessee shall pay, as the same become due, the rentals of all railroads leased to either the lessor or the lessee, and the interest on the permanent debt of both the lessor and lessee, a schedule whereof is hereto annexed, and to that end shall pay to the lessor such sums of money, at such times, as shall enable it to meet punctually the interest on its debt as the same matures.

Third. After making the payments specified in clauses *first* and *second*, and from the surplus remaining, the lessee shall retain to its own use the sum of six hundred and thirty thousand dollars (\$630,000).

~~THE~~ *Fourth.* After making the payments and applications specified in clauses *first, second and third*, all surplus then remaining, up to the sum of one hundred thousand dollars (\$100,000) shall be paid to the lessor for its own use.

Fifth. After making the payments and applications specified in clauses *first, second, third and fourth*, and from the surplus then remaining, the lessee shall retain to its own use the sum of seventy thousand dollars (\$70,000).

Sixth. After making the payments and applications specified in clauses *first, second, third, fourth and fifth*, all surplus then remaining, up to the sum of three hundred and thirty-six thousand dollars (\$336,000), shall be paid to the lessor for its own use.

Seventh. After making the payments and applications specified in clauses *first, second, third, fourth, fifth and sixth*, any surplus then remaining shall be retained by the lessee, but shall be applied to permanent improvements upon the respective properties of the lessor and lessee *pro rata* according to mileage, including branches and leased roads, so far as such improvements may be required; and the remainder, if any, may be applied to the purchase at the market price of any of the improvement bonds hereinafter provided for.

III.

The lessee shall from time to time make such permanent improvements in and upon the demised premises as the requirements of business may make necessary and proper. To meet the cost of such permanent improvements, and of the like improvements upon its own property, the lessee shall issue its bonds, to be called "Improvement Bonds." Such bonds shall run for the longest period allowed by law, and shall be secured by a sinking fund, the annual payments to which shall not exceed (except with the written consent of the lessor) one and one-half ($1\frac{1}{2}$) per cent of the face of the bonds, and which said payments, as well as the annual interest on the said bonds, shall be deemed to be operating expenses, and be paid out of gross earnings as part thereof.

"Improvement Bonds" not paid at maturity by the sinking fund provided therefor, shall be paid from the proceeds of other "Improvement Bonds" to be issued by the lessee, of the like character, and similarly secured by a sinking fund.

Accounts shall be kept by the lessee, and annual statements thereof made between the lessor and lessee, showing the amounts expended for permanent improvements upon the property of each, respectively; and in case of any difference between the parties as to such accounts, the same shall be adjusted, when it shall arise, by arbitration in the manner hereinafter provided, and the accounts shall be restated according to the decision of the arbitrators; and at the expiration or earlier termination of this lease, the improvement bonds then outstanding, including those purchased as above provided, shall be assumed and paid by the parties proportionately to the improvements made on the property of each, respectively, during the term of this lease.

Permanent improvements shall, for the purposes of this lease, be as follows; to wit,—

First. Any increase in track mileage.

Second. Any increase in the number of any class of rolling-stock over the number in existence and inventoried at the inception of this lease.

Third. Buildings or other structures in the nature of improvements to real estate which do not replace but are in addition to buildings and structures in existence at the inception of this lease; it being understood, however, that in the reconstruction of buildings and structures (including bridges) the excess in cost of the new structures over the cost of restoring the old structures to as good a condition as when new, shall be treated as an improvement expense.

Fourth. The reconstruction of buildings and structures and the re-organization of yards and terminal facilities for freight and passengers at Boston and Portland.

Fifth. Such other matters and things in the nature of new construction as shall be agreed to be such by the parties hereto, or shall be decided to be such by the Railroad Commissioners of Massachusetts, or a majority of them, upon the application of either party.

Car trusts and a loan for the improvement of the East Boston wharf property having been already created by the lessor, the lessee shall pay the annual interest charges arising therefrom as operating expenses, and the principal, or any instalments thereof, from the proceeds of "Improvement Bonds."

IV.

The lessee shall assume all traffic balances due from the lessor to other railroads or transportation companies; shall assume all contracts of the lessor for equipment, supplies or material, and all other contracts of the lessor (its contracts with the holders of its permanent indebtedness as scheduled excepted) with individuals or corporations, express or implied; shall assume and defend all suits against the lessor arising out of or in any way connected with the use and operation of the demised premises; and shall make all payments required on account thereof from gross earnings as a part of operating expenses.

V.

The lessee shall pay the interest upon any portion of the permanent indebtedness of the lessor or lessee that shall be renewed or extended in like manner as upon the same indebtedness before renewal or extension. If any portion of such permanent indebtedness of either the lessor or lessee shall be paid, an amount equal to the interest theretofore paid thereon shall be treated as a charge under section second of article two of this lease, and be retained by the lessee or paid to the lessor accordingly. And if, at the maturity of the existing mortgage indebtedness of the lessor, the lessor shall deem it desirable to make a new mortgage of its property to secure such portion of its permanent indebtedness as shall not then be paid by its sinking fund, or otherwise, said lessee shall become a party to such mortgage so far as to agree, and for the purpose of agreeing, that said new mortgage shall operate and take effect upon the property as a lien and claim superior and prior to any lien or claim under this lease; provided that said new mortgage

indebtedness shall in no case be greater than that secured by the mortgage now existing.

VI.

Leases and contracts of the lessor for the operation of other railroads, terminating during the term of this lease, shall be renewed by the lessor upon the most favorable terms practicable, and, being so renewed, shall be subject to all the provisions of this lease as effectually as if now existing and herein included, and upon the expiration or earlier termination of this lease, shall be reassigned to and enure to the benefit of the lessor.

VII.

The lessee shall have the right of voting on all stock owned by the lessor in other railroads or corporations, which stock shall not be sold or otherwise disposed of, except with the assent of the lessee, and the dividends on which shall be treated as part of the gross earnings under this lease; provided, however, that nothing herein shall require the lessor to pay to the lessee any dividend on its existing stock in the Portsmouth, Great Falls & Conway Railroad, or in the Wolfborough Railroad.

VIII.

The existing traffic contract, dated December 28, 1874, between the lessee and the Maine Central Railroad Company, shall not be abrogated or changed except with the assent of the directors of the lessor, the directors of the lessee, the directors of said Maine Central Railroad Company, and of three-fourths of the stock of said Maine Central Railroad Company given at a meeting of stockholders specially called for the purpose.

IX.

Should it be found for the interest of either party hereto to construct, lease or purchase lines of or interests in railroads not embraced in its existing system, such construction, lease or purchase may be authorized by the boards of directors of both the parties, subject to the approval of the stockholders of both corporations.

X.

The lessee shall use and operate the railroads and properties herein demised, in accordance with the charter of the lessor and the laws of the Commonwealth of Massachusetts and of the States of Maine and New Hampshire, so far as the same are respectively applicable; shall furnish all cars, engines, rolling-stock and equipment of every description required, in addition to the like property hereby demised, for the due operation of the railroads operated under and by virtue of this lease; shall observe and perform all the provisions of contracts of the lessor with railroads leased or operated by it; shall keep the demised premises reasonably insured, and shall apply the proceeds of any insurance to restoring and replacing the property

destroyed, or to making permanent improvements, not in the nature of ordinary repairs, upon the demised premises; shall apply the proceeds of rolling-stock, equipment and other personal property herein demised, which it may deem it advisable to sell, and which it is hereby authorized to sell at its discretion, so as to substitute therefor like property of equal value; shall replace buildings or structures on the demised premises taken down or removed, and which the lessee is hereby authorized to take down or remove at its discretion, with other buildings, structures or permanent improvements upon the demised premises, of equal value; shall furnish the directors of the lessor with free annual passes over the railroads operated by the lessee under this lease; shall permit the demised premises to be inspected annually by some competent person appointed by the lessor, who shall report to the lessor the condition of said premises, and shall for the purpose of such inspection be furnished with free transportation over the railroads operated by the lessee under this lease, and shall receive a reasonable compensation for his services, to be paid as part of operating expenses; shall at all times keep full and accurate books of account, but not separate books of account, of the business done by it over its own road and over the roads operated by it by virtue of this lease, and of the profits and income derived from its own property and from the property herein demised, and separate accounts of all permanent improvements made under section three, which books shall be at all times accessible to the directors of the lessor or to any accountant appointed by them; shall make all returns required by law, and shall furnish the lessor with such abstracts of its accounts as shall enable it to make all returns required of the lessor; shall not assign this lease, nor underlet the whole or any part of the demised premises, except such portions thereof as may not be required for railroad uses, without the written assent of the lessor first had and obtained; shall keep the demised premises in the same condition of repair, renewal and improvement as it keeps its own property of the like character, and shall cause all rolling-stock substituted for that herein demised and added thereto, to be distinguished by appropriate names, numbers or letters; and at the end of the term of this lease, or at any earlier termination thereof from any cause whatever, shall surrender the demised real and personal estate (to be ascertained and determined according to the inventory hereinafter provided for) in the like good order and condition in which they are at the inception of this lease or may be put during the term, with all improvements thereon or additions thereto, the amount of material and supplies to be surrendered or accounted for to the lessor to be equivalent in value to the amount on hand at the inception of the lease, as shown by said inventory.

To prevent uncertainty as to the property herein demised and to be accounted for upon the termination of this lease, there shall be made, as of the day when this lease takes effect, a full, complete and particular inventory, description and appraisal of all the estate and property, real and personal, belonging to the lessor and coming into the possession of the lessee by virtue of this lease. Such inventory, description and appraisal shall be made by two competent persons, one selected by each party; in case of their disagreement, they shall refer the matter in difference to some third person, whose decision shall be final. Such inventory, description and appraisal shall be

made in duplicate, and an original furnished to each party, and shall be evidence of the nature, value and condition of the property demised at the inception of this lease in all cases in which any question of such nature, condition or value may arise.

XI.

The lessor shall maintain its existence and organization as a corporation, and to that end shall comply with all the requisites and forms of law; shall do all acts and things and execute all legal instruments necessary and proper to put and secure the lessee in the full enjoyment of all the property, rights, franchises and interests herein demised, and to carry into effect the true intent and meaning of this lease; and shall permit the lessee to use the name of the lessor (and hereby grants the use of such name irrevocably) in all legal proceedings and in all cases needful for obtaining, holding and enjoying the premises hereby demised, and for all purposes consistent with the true scope and intent of this lease.

XII.

This lease is upon the condition that, if the lessee shall at any time fail to make to the lessor, as part of the rent herein reserved, the payments herein stipulated to be made to it to enable it to pay the interest on its permanent indebtedness, then and in such case the lessor may at once enter upon the demised premises, and upon any part thereof as for the whole, and expel the lessee and determine the estate hereby granted, and shall thereupon become seized and possessed of the demised premises and of every part thereof in its original right and as if this lease had never been made; and upon the further condition, that if the lessee shall fail to perform any other of the covenants and agreements in this lease contained, and such failure shall continue for six months after written notice of such failure from the directors of the lessor, the lessor shall have the like right to enter and expel the lessee and revest in itself its former estate in the demised premises and every part thereof; provided, however, that such entry by the lessor for breach of condition shall in no wise prejudice or impair any remedies to which it might otherwise be entitled for arrears of rent or preceding breach of covenants.

XIII.

In case of any disagreement between the parties hereto as to the true intent and meaning of this lease or any part thereof, or as to any thing done under and by virtue of it or growing out of it, the matter in controversy shall be referred by written submission to the arbitration of the chairman of the Railroad Commissioners of Massachusetts, the President of the Boston & Albany Railroad Company, and the President of the Old Colony Railroad Company for the time being. The arbitrators shall hear the parties, after due notice to each of them, and if either party fail to attend after such notice, may proceed *ex parte*. The award in writing of said arbitrators, or a majority of them, being duly notified to the parties, shall be final and conclusive upon them.

In testimony whereof, the said parties, by their respective presidents and treasurers thereunto duly authorized, have caused their corporate seals to be hereto affixed, and these presents to be executed, the day and year before written.

BOSTON AND MAINE RAILROAD,

By GEORGE C. LORD, *President.*
AMOS BLANCHARD, *Treasurer.*

SEAL.

EASTERN RAILROAD COMPANY,

By ARTHUR SEWALL, *President.*
N. G. CHAPIN, *Treasurer.*

SEAL.

